

**CITY OF MORGAN HILL  
JOINT REGULAR REDEVELOPMENT  
AND SPECIAL CITY COUNCIL MEETING  
MINUTES – JANUARY 25, 2006**

**CALL TO ORDER**

Chairman/Mayor Kennedy called the special meeting to order at 7:00 p.m.

**ROLL CALL ATTENDANCE**

Present: Agency/Council Members Carr, Grzan, Sellers, Tate and Chairperson/Mayor Kennedy

**DECLARATION OF POSTING OF AGENDA**

Agency Secretary/City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

**SILENT INVOCATION**

**PLEDGE OF ALLEGIANCE**

**PROCLAMATIONS**

Mayor Kennedy presented a proclamation to Rosanne Macek, Morgan Hill Community Librarian; and Carol O'Hare, Chairperson, Friends of the Library, proclaiming the month of February 2006 as *Silicon Valley Reads Month*.

Ms. Macek announced that *When the Emperor Was Devine* by Julie Otsuka is the book being featured this year; along with *The Savior – A Daughter Discovers Her Fathers War* by Louise Steinman.

Carol O'Hare announced that the author of *When the Emperor was Devine*, Julie Otsuka, will be in Morgan Hill on Saturday, February 4 at 10:30 a.m. at the Community & Cultural Center. This event is sponsored by the Morgan Hill Reads Coalition that includes the City of Morgan Hill, Friends of the Library, American Association of University Women, Booksmart, Morgan Hill Times and the Morgan Hill Community Library.

**RECOGNITIONS**

Police Chief Cumming and Sergeant Myers presented a Certificate of Appreciation/plaque to Javier Echevarria and IBD Products for outstanding assistance to the Police Department in providing safety equipment and weapon slings for Morgan Hill police officers at no charge. Chief Cumming indicated that Mr. Echevarria recently organized a police reserve officer competition; and has supplied weapon sling systems to U.S. military personnel throughout the world.

Mayor Kennedy presented a Certificate of Recognition to Donna Krein, the Santa Clara County Emergency Manager's Association-Morgan Hill Volunteer of the Year 2005 for her dedicated service to the City of Morgan Hill's Office of Emergency Services, and her work with the Citizen's Emergency Response Team (CERT).

## **AWARDS**

Rosemary Kamei, Board of Director, Santa Clara Valley Water District, presented the City of Morgan Hill with the “Escaping the Constraints” award. She thanked City Manager Tewes for his leadership and the City of Morgan Hill for its continued support of the Water Resources Collaborative. She indicated that the Collaborative and the City have been recognized by the Public Officials for its Water and Environmental Reform. This has been a three-year long effort with a lot of staff time put forth on protecting the environment and moving the California Water Policy forward.

## **CITY COUNCIL SUBCOMMITTEE REPORTS**

No reports presented.

## **OTHER REPORTS**

City Treasurer Roorda presented his quarterly report on the City’s finances. He stated that the City has been operating in a deficit for the past two years and that it is expected that the deficit will continue over the next two years. He indicated that the City is actively seeking feedback from the community on what kinds of decisions the Council will need to make about resolving the deficit. He said that the City is in the red and needs to move toward the black. He said that past council members made a decision not to spend all revenues raised from the late 90s to the early 2000s. Based on these actions, the City was able to build up a considerable reserve and that these reserves have been maintained. However, he noted that the reserves are not an unlimited amount of funds to be used to subsidize the City’s deficit spending. It is felt the City will be at a point where it can no longer subsidize its deficit spending over the next couple of years. He emphasized the efforts the City is conducting. He said that citizens will be receiving invitation to various meetings to participate in Community Conversations. He stated the City is requesting citizen feedback about what needs to be done about the City’s deficit. A part of what needs to take place is for citizens to be educated on how the City got to where it is, what the City’s options are as it moves forward, and assist the Council in making good decisions moving forward.

Mr. Roorda said that although the City has a substantial deficit, and will finish the fiscal year with a deficit. As budgeted, it will not be as large as currently exists. This is attributed to the timing in which the City receives revenues. He noted that revenues tend to come in later in the year and that expenses tend to be flat or reduced as the year progresses. He said the City’s pace in revenues is ahead of last year by 11%; attributed to receiving more in property taxes and sales taxes. He indicated the City expects to receive more revenue in the second half based on the timing of when many of the funds come in from the State in certain areas. He stated that things are improving, growth wise, in the revenue side. Compared to the budget, he said the City is below where it expected to be and that this relates to the seasonality of when the City receives its revenues. It was his understanding that the City is on a path to achieve its budget objectives; and will possibly exceed its objectives. He indicated that police expenses are up because of the new facility, new equipment, and increased pension. He stated that these expenses are included within the budget/budget plan. He said that expenses under administration, recreation and aquatics decline year after year. This may be attributed to reduced expenses seen in the Office of the City Attorney. He stated that the General Fund impact is such that the City is on course where expected

this year. The City should see an increase in revenues coming in to the General Fund over the course of the remainder of the fiscal year. It is the City's hope that revenues will be better than expected in the way of the fund balance at the end of the year to help the City get through the next couple of years as decisions are being made to get the City into balance where revenues meet expenses. Regarding impact to the general fund, he said the City is where it anticipated it would be. He indicated that the fund balance is at \$7.5 million. It is expected that the fund balance will be closer to \$8+ million by the end of the fiscal year. He said there is not an urgent or immediate concern. However, the urgent and immediate concern is for the City to help the public and for the public to be willing to start to learn and understand what the situation is so that they can contribute to the eventual decisions on how to get the City in the black.

### **CITY MANAGER REPORT**

City Manager Tewes announced that in today's mail, almost every postal customer in Morgan Hill will have received an inexpensive but informative newsletter inviting everyone to a series of Community Conversations. He stated the City is encouraging dialogue through the community conversation process. He said that members of the community are being invited to sit down and talk with each other about what is important about the future of Morgan Hill and how we are to pay for city services. He noted the newsletter identifies dates where citizens can actively participate.

### **PUBLIC COMMENT**

Chairman/Mayor Kennedy opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

## ***Redevelopment Agency Action***

### **CONSENT CALENDAR:**

**Action:**        *On a motion by Agency Member Tate and seconded by Agency Member Sellers, the Agency Board unanimously (5-0) **Approved** Consent Calendar Items 1-2 as follows:*

1.        **DECEMBER 2005 FINANCE & INVESTMENT REPORT - RDA**  
**Action:** **Accepted** and **Filed** Report.
2.        **ANNUAL STATE REDEVELOPMENT REPORTS FOR FISCAL YEAR 2004-2005**  
**Action:** **Filed** the 2004-2005 Redevelopment Agency's Annual Report of Financial Transactions, Housing Annual Report of Housing Activity, and Property Report.

## ***City Council Action***

### **CONSENT CALENDAR:**

Council Member Sellers requested that item 3 be removed from the Consent Calendar.

**Action:** *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** Consent Calendar Items 4-5 as follows:*

4. **MID-YEAR 2005-2006 BUDGET ADJUSTMENTS**

**Action:** *1) **Approved** Proposed Mid-year Adjustments for Fiscal Year 2005-2006; and 2) **Approved** Fiscal Year 2005-2006 Proposed Budget Calendar.*

5. **UPDATE ON CITY-WIDE WATER PRESSURE REPORTS IN RESPONSE TO ISSUES RAISED BY TWO WOODLAND ACRES HOME OWNERS**

**Action:** ***Information Only** at this time.*

3. **DECEMBER 2005 FINANCE & INVESTMENT REPORT - CITY**

Council Member Sellers noted that this is the December 2005 Finance & Investment Report that includes annual data. He referred to the graph that outlined annual sales tax by business category. He noted that the graph shows solid growth in several different categories. He said that a concern raised at the Council's workshop held last week relates to the downtown area. He said that individuals were lamenting that the downtown sales have been flat. He inquired whether staff has been able to review data to indicate that the solid growth being seen is in parallel with the downtown. He inquired whether the downtown has been as solid as the rest of the community.

Finance Director Dilles indicated that staff has more current information than depicted on the graph. He stated that there has been growth in the downtown as a whole, however, not to the same degree as is seen in other segments (e.g., transportation sales).

Council Member Sellers said that while the City continues to state that it wants to do more for the downtown, he felt it important to note the City is doing a lot for the downtown and that it is having a positive impact. He stated that he was pleased to hear the growth is parallel with other categories.

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Accepted** and **Filed** Report.*

## ***Redevelopment Agency and City Council Action***

### **CONSENT CALENDAR:**

**Action:** *On a motion by Agency/Council Member Tate and seconded by Agency/Council Member Sellers, the Agency Board/City Council unanimously (5-0) **Approved** Consent Calendar Item 6 as follows:*

6. **SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF JANUARY 11, 2006**

**Action:** ***Approved** the Minutes as submitted.*

## ***City Council Action***

### **OTHER BUSINESS:**

7. **DEVELOP CITY COUNCIL POSITION REGARDING PROPOSED VALLEY TRANSPORTATION AGENCY (VTA) QUARTER-CENT SALES TAX TO SUPPORT LONG-TERM TRANSIT CIP EXPENDITURE PLAN**

Mayor Kennedy indicated that a recent memorandum has been included in the information distributed this evening. The memorandum states that there would be a delay in action by the VTA Board of Directors' decision on the ¼ cent sales tax to the March 2, 2006 meeting. He said that this delay will give the Council additional time to thoughtfully approach this subject. However, he felt it important to hear the thoughts of Council Members on VTA's scenario that includes a ¼ cent sales tax.

Deputy Director of Public Works Bjarke presented the staff report, indicating that the item before the Council is the consideration of the VTA proposal for a 30-year ¼ cent sales proposal that would be on the ballot in November 2006. The ¼ cent sales tax would be used to complete the 2000 Measure A transportation program. He noted that the Council received a presentation from VTA staff last Friday, at its Goal Setting Retreat, describing the program. He said that the Council is being asked to come forward with a position of support or non support of the proposed ¼ cent sales tax and the spending plan; and provide direction to the Council's VTA representative to the board of directors. The transportation program would include extending BART to San Jose in 2016; the initial Caltrain electrification program in 2018; South County Caltrain improvements in 2010 (34 miles of double tracking that would come down to at least the northerly end of Morgan Hill at Tilton Avenue and the area between San Martin and Gilroy); and a \$717 million program for local streets, county expressways and bicycle projects. He informed the Council that the VTA Board of Directors will hold a workshop this Friday, even though the action has been postponed for a month. It is his understanding that the Santa Clara County Board of Supervisors deferred their decision until February 28 and that the VTA Board of Directors will consider this item at their March 2 meeting.

Council Member Tate said that it was his understanding, from the presentation received last Friday that double tracking is not dependent on the passage of the ¼ cent sales tax. It was stated that this project is already committed to and signed off.

Mr. Bjarke confirmed that the double tracking project is moving forward, independent of the passage/failure of the ¼ cent sales tax. The items dependent upon the ¼ cent sales tax are the local street projects and the schedule for BART.

City Manager Tewes indicated that the Council has received three supplemental items on this matter: 1) A memorandum from Cindy Chavez, Chair of the VTA Board, outlining the decision making schedule. 2) An e-mail with the title "VTA Scenario Advisory Committee Summary Comments." Attached to this supplemental are the comments from VTA's various Policy Advisory Committees. 3) A report from the Silicon Valley Leadership Group on their public opinion survey regarding the various tax measures.

Mayor Kennedy indicated that there was an interesting column in Tuesday's Morgan Hill Times that talked about his vote on the VTA Board of Directors or as a member of the Policy Advisory Committee. He said that included in the supplemental information are his comments made at the Policy Advisory Committee meeting. The comments indicate he stated that the Morgan Hill City Council has not taken a position on the proposed expenditure plan. However, the Council has discussed alternatives at length. The comments further indicate the Council identified its priorities as: funding for the Caltrain projects, expanded Caltrain services, additional major arterials, and other projects in South County; including restoring services and implementing community buses. He noted that bus services have been cut back throughout Santa Clara County as a budget cutting measure. The comments go on to state that he expressed qualified support of the proposal on the condition that there is support for the priority projects for South County as requested by the cities of Morgan Hill and Gilroy. He noted that included in the agenda packets are letters written by he and Mayor Pinhero to the VTA Board Chair and the General Manager outlining issues that are of concern/importance to the cities of Morgan Hill and Gilroy. He said that there was a comment about consistency in his position. He stated that he has been consistent, and has been an advocate for BART to San Jose on the condition that South County's needs are met, and that the BART extension to San Jose does not take up all funds available for other projects.

Council Member Tate confirmed that the Council had a lengthy discussion with members of VTA staff who made a presentation last Friday. He said that there was a good interchange and a lot of questions asked. He referred to the memorandum written by Mayor Kennedy, Mayor Pinhero and Supervisor Gage in terms of the benefits to be received in South County from the VTA as part of this package. He noted the letter suggests that South County should receive its fair share of revenues from the incremental tax. He said that there seems to be a lot of willingness, on the part of VTA staff, to take the City of Morgan Hill's questions and concerns back to study further. He noted that the only concrete item contained in the proposal for South County, at this time, is double tracking. He noted that this project is under contract and has been committed to based on the incremental sales tax to be paid in April 2006. Therefore, this project was a benefit to South County from the last tax measure. He indicated that there were discussions about providing additional funding to fix roads in South County or that South County receives proportional funding from the tax measure. It was stated that additional funding for road repair was not possible and that they would agree to study proportional funding. He noted that VTA staff did not commit to providing additional projects other than what is in place. He agreed that there is a benefit to South County for a BART in North County. He would like to see what VTA will agree to in writing. This would allow the Council to determine whether South County will be receiving its fair share of the tax measure, giving some credit to receiving a benefit from BART. Until the Council sees commitments in writing and receives assurances/guarantees to these commitments, he could not support the measure.

Mayor Pro Tempore Grzan indicated that he attended the Council retreat and received the one hour presentation from VTA staff. He asked VTA staff how much they would collect from Morgan Hill with the proposed tax measure over the next 30-years and how many dollars would be returned to South County in terms of projects and programs. He indicated that VTA staff was unable to respond to his questions. He stated that he could not support the tax measure until he sees how much South County would receive from the tax measure. He agreed there is a synergy with BART coming to San Jose and that South County residents would enjoy taking a train into San Jose; taking BART into San Francisco, East Bay or other places. However, in terms of meeting South County needs directly, he was not able to

ascertain whether the sales tax dollars would directly come back to Morgan Hill and or whether there were viable projects to alleviate some of the community's transportation needs.

Mayor Kennedy said that some of the information requested by Mayor Pro Tempore Grzan was included on page 158 of the agenda packet. He said that the letter sent to Milpitas Council Member Livengood, Morgan Hill's previous board representative, indicates that it is expected that a new ¼ cent sales tax would generate \$5.1 billion. He said that Morgan Hill's share of this amount would be approximately \$107 million based on population. Therefore, the total to South County would be \$245 million based on population. He said that Morgan Hill's proportion has not been clearly spelled out.

Council Member Sellers indicated that he is a member of the regional transportation committee and asked to what degree is the community receiving its fair share? He noted that it could be stated that Morgan Hill is receiving extra monies for roads and for roads adjacent to the City. However, it would be difficult to figure out the benefit to Morgan Hill if BART extends to San Jose. He was pleased to hear that there is Council concurrence on BART's benefit to South County. He noted that 80% of Morgan Hill's workforce commutes and leaves town everyday. He felt it to be great news to Morgan Hill that VTA is deferring its vote until March as it gives the City the opportunity to get some of its questions answered. He recommended the Council not come to a final decision this evening as it is important to have the Council's questions answered. He noted that the Council made an interim appointment to the VTA Board. In the discussion of which Council Member would be assigned, or continue in the role on the VTA Board, the Council needs to concurrently talk about how the City can strengthen its position as an individual city. He noted that Morgan Hill is a small city; one of the smallest in the County. He indicated that the City of San Jose has five members on the VTA Board. Morgan Hill has the equivalent of one seat every three years. This does not mean the City cannot do a better job in relaying its position and making sure the City receives its fair share of funding. He said that in addition to the appointment to the VTA board, the Council needs to talk about ways it can be more active and how to vote on this issue that will make Morgan Hill more involved. The City needs to strengthen its position. Until the City figures out how to be a bigger player, it will be difficult for the City to make its case. He felt it would be difficult for VTA to pass the proposed ¼ cent sales tax if there are cities that do not support it, even if they are the smaller cities. He recommended the Council discuss how it can strengthen its position in the appointment to the VTA board and how to direct the representative in the course of the upcoming year.

Council Member Carr stated that he was in general concurrence with the comments expressed by his colleagues. He wanted to have the discussion about getting back into alignment with our neighbors in South County. He felt South County was receiving some attention from cities to the north when South County was a combined voice. He said it is clear that individuals believe Morgan Hill is split on its opinion on this issue from Gilroy. He recommended the City figure out a way to get the combined voice back and to invite Supervisor Gage to these discussions. He stated that he is of the mindset that the reason we have a VTA Board is to improve regional transportation and the regional economic climate. Without a regional body, he did not believe Highway 85 or the Highway 101 widening would have been constructed; both projects significant for the residents of Morgan Hill. It may be the case that Morgan Hill's tax dollars are going outside the community in transportation projects, but felt projects have benefited residents greatly; even when funds are spent on projects outside the city limits. He felt the Council needs to keep the promise(s) it made to voters in the 2000 Measure A initiative. On Friday, he asked VTA staff to identify the expenditure plan as opposed to completing the Measure A commitments

made to the community. He said that the expenditure plan has been developed into an expenditure plan into the future that includes a ¼ cent sales tax and additional sales tax dollars in order to complete projects over a 30-year horizon. He felt the Council should be able to look at the commitments made to voters in 2000 when many supported Measure A and how to complete these projects; including how to speed up some of the projects. The Council can then judge whether it is important to ask voters and taxpayers to pay an additional sales tax when it may be likely the County may be asking the taxpayers to pay a higher tax as well as other entities statewide and locally. He said that he is having difficulty in finding the information he needs to support the tax measure. Therefore, the reprieve of moving the decision back by the VTA Board will be a benefit to Morgan Hill as it tries to learn more about the differences between this spending plan and what was promised in the 2000 measure.

Mayor Pro Tempore Grzan recommended a postponement on a decision until such time new and additional information is received. He stated that he would like to explore other opportunities with VTA in receiving additional information.

Council Member Tate said that it was his understanding that VTA would delay a decision to March 2. It was his impression that VTA staff would study the questions after the City of Morgan Hill supported the measure. He reiterated his position is one that is taking a firm stand on receiving solid answers before supporting the proposed ¼ cent sales tax measure.

Mayor Kennedy referred to item 5 of the Silicon Valley Leadership Group's survey results. He said the survey looked at what would happen if the VTA ¼ cent sales tax and a separate Santa Clara County tax measure were placed on the same ballot. The results of the survey indicate that both sales taxes would fail. If they were combined to be ¼ - ¼ split, the benefits were clear, and it was a general tax, they would both pass. He felt there were serious issues and negotiations that need to take place to see if a measure can be put together that would combine a County ¼ cent sales tax and a VTA ¼ cent sales tax; possibly including some funding for cities as originally proposed by the County Executive of a ½ cent sales tax (1/3 for cities, 1/3 for County, 1/3 for VTA split). He stated that he understands the issues council members have raised. He understands the recommendation that the City of Morgan Hill receives a commitment on what expenditures would be earmarked for South County before expressing support for the VTA scenario. He stated he would push to see if the City can receive these commitments. He would continue to work with South County representatives as the interim board member. He indicated that he has invited Supervisor Gage to the VTA Morgan Hill, Gilroy, Milpitas (MGM) meeting to be held by Morgan Hill, Gilroy and Milpitas to talk about the three-city' position. This meeting will be held next Tuesday in Morgan Hill. He stated he would continue to work toward building consensus among the South County partners. He said that it is clear to him the City of Gilroy is not supportive of any sales taxes. This may be something the cities may not agree on at this point. If it turns out that Morgan Hill favors a package that includes the information requested and involves a ¼ cent sales tax, Gilroy may not support this. Therefore, the City may reach a point where it may not achieve consensus for South County. However, he would continue to attempt to build this consensus among South County cities.

Council Member Carr said that should the City get to a place where South County cities disagree, it would be for specific reasons. He indicated that he would like to know the reasons for Gilroy's



opposition to a tax measure, should they retain this position, even if the City is successful in getting South County projects.

Mayor Kennedy said that Mayor Pinhero has indicated that Gilroy is a border city that borders adjacent counties to the north and south. Should there be a disparity in sales taxes between the two counties, they are concerned that they might lose sales revenues.

Mayor Pro Tempore Grzan inquired whether a general sales tax is no longer a viable option. Can this option be encouraged?

Mayor Kennedy said that a general sales tax is still an option and that could be the leading consideration. He said that a general sales tax would include funding for VTA projects as well as county social services and programs. However, you cannot designate funds for specific projects or programs as this would become a special tax. He noted that a special tax would require a 2/3 majority vote. The current scenario/proposal before the Council is for a ¼ cent sales tax for a 30-year VTA plan. He requested that staff agendize Council discussion on this matter for its last meeting in February in anticipation of receiving answers from VTA in light of their action to postpone their decision on this matter.

Mayor Kennedy opened the floor to public comment. No comments were offered.

Council Member Carr recommended the Council continue to provide comment on the projects as presented by VTA staff. He noted that VTA has projected \$2 billion more than what they were expecting not too long ago. He said that Mayor Pro Tempore Grzan and staff questioned this figure on Friday. He said that VTA staff might be able to explain and justify the projects/numbers to the Council. He felt it would be prudent for the Council to continue to question this as it is a large part of the spending projections VTA has.

Mayor Kennedy said that in his comments at the VTA Policy Advisory Committee, he advocated a position of using a conservative sales tax projection rather than a mid point projection. He said that the VTA survey included a moderate sales tax growth projection as well as a conservative one. He indicated that VTA typically takes a mid point projection. He said that the position he advocated of using a conservative projection is gaining some support.

Council Member Sellers stated that he disagreed with this position for the reasons he raised on Friday. If you take the more conservative approach, you will never include on the list potential projects that might be of significant importance to South County. He felt it important to have a balance. You are not talking about optimistic projections and conservative projections. He did not believe projects would be included using the conservative approach. He felt the bigger players will have their hands out seeking additional funding. It was also important not to be too far at one end of the spectrum and that it was important to strike a balance and have the city's projects included on the list.

Mayor Kennedy said that as the City's VTA representative, he needs to know whether a conservative or mid range projection should be supported. He indicated he has been advocating a conservative approach.

Mayor Pro Tempore Grzan inquired as to what would happen to projects if the upper end of the scale is used and it is found that projects cost more; resulting in insufficient funds becoming available to move forward with these projects.

Council Member Sellers responded that it is a delicate balance and that a case can be made both ways. He noted the City has a hard time listing its projects. If the City's projects are not included on this list and resources appear; history has shown the City has a diminished chance of ever getting its projects considered.

Mayor Kennedy said that Morgan Hill's projects are at the top of the list. The ones that tend to fall below on the list include projects such as Caltrain electrification. He stated that this project is more important to peninsula cities. Should the City take a conservative approach, it would be likely that South County projects would remain on the list while other projects would fall to the bottom of the list, projects that do not have strong support. He noted that the Caltrain electrification project is a \$200 million project and is one that may generate a lot of discussion on whether it is a project that would fall below on the list with a conservative approach being taken.

Council Member Carr said that in all fairness to VTA staff, they explained to the Council that they are using the mid point between a moderate assumption and a conservative assumption and that they may be right. He noted that there is enough question that VTA needs to take a look at their numbers and assumptions. VTA needs to explain these to the Council as it was his belief the Council is questioning VTA's projections.

Mayor Kennedy said that he attended three presentations by the organization that prepared the forecasting. He indicated that Steve Levy was the individual who made the presentation and did an excellent job that answered questions. Unfortunately, he was not able to attend the Council meeting where VTA presented their information. He indicated that he would invite Mr. Levy to a council meeting and allow him to make a presentation before the Council.

**Action:**        *No action taken.*

#### **FUTURE COUNCIL-INITIATED AGENDA ITEMS**

No items were identified.

### ***Redevelopment Agency and City Council Action***

#### **CLOSED SESSIONS:**

Interim City Attorney/Agency Council Siegel announced the below closed session item. He indicated that following the conclusion of the closed session, the Council would reconvene in the Council Chambers and proceed with the continued Special Meeting of Saturday, January 21, 2005.

**1.**

**CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**

Authority:	Pursuant to Government Code 54956.9(a)
Case Name:	Tichinin v. City of Morgan Hill
Case Number:	Santa Clara County Superior Court, Case No. 1-05-CV-046112
Attendees:	City Manager; Interim City Attorney; Special Counsel Timothy J. Schmal

**OPPORTUNITY FOR PUBLIC COMMENT**

Chairman/Mayor Kennedy opened the Closed Session item to public comment. No comments were offered.

**ADJOURN TO CLOSED SESSION**

Chairman/Mayor adjourned the meeting to Closed Session at 8:10 p.m.

**RECONVENE**

Chairman/Mayor reconvened the meeting at 8:57 p.m.

**CLOSED SESSION ANNOUNCEMENT**

Interim Agency Counsel/City Attorney Siegel announced that no reportable action was taken in closed session and that the City Council/Redevelopment Agency would reconvene the Special Meeting held on Saturday, January 21, 2005.

**ADJOURNMENT**

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 8:58 p.m.

**MINUTES RECORDED AND PREPARED BY:**

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**IRMA TORREZ, AGENCY SECRETARY/CITY CLERK**